

**GOSHEN TOWNSHIP
BELMONT COUNTY**

AUDIT REPORT

JANUARY 1, 2017 - DECEMBER 31, 2018

**Wilson, Phillips & Agin, CPA's, Inc.
1100 Brandywine Blvd. Building G
Zanesville, Ohio 43701**

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
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(800) 282-0370

Board of Trustees
Goshen Township
115 Liberty Lane
Bethesda, OH 43719

We have reviewed the *Independent Auditor's Report* of Goshen Township, Belmont County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2017 through December 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Goshen Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

October 9, 2019

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**GOSHEN TOWNSHIP
BELMONT COUNTY
JANUARY 1, 2017 - DECEMBER 31, 2018**

TABLE OF CONTENTS

Table of Contents	(i)
Independent Auditors' Report	1-2
Financial Statements	
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2018	3
2018 Notes to Financial Statements	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2017	10
2017 Notes to the Financial Statements	11
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statement Performed in Accordance with Government Auditing Standards.	18
Schedule of Audit Findings	20
Schedule of Prior Audit Findings	23

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

INDEPENDENT AUDITORS' REPORT

Goshen Township
Belmont County
115 Liberty Lane
Bethesda, Ohio 43719

To the Township Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type and related notes of Goshen Township, Belmont County, as of and for the years ended December 31, 2018 and 2017.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonable determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Goshen Township, Belmont County as of December 31, 2018 and 2017, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type and related notes of Goshen Township, Belmont County as of December 31, 2018 and 2017 for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 17, 2019, on our consideration of Goshen Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
June 17, 2019

**GOSHEN TOWNSHIP
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property and Other Local Taxes	\$ 41,989	\$ 455,116	\$ -	\$ 497,105
Intergovernmental	51,294	137,505	-	188,799
Earnings on Investments	193	25	-	218
Miscellaneous	573	-	-	573
Total Cash Receipts	<u>94,049</u>	<u>592,646</u>	<u>-</u>	<u>686,695</u>
Cash Disbursements:				
Current:				
General Government	61,991	9,509	-	71,500
Public Safety	-	182,758	-	182,758
Public Works	-	263,084	-	263,084
Health	10,565	-	-	10,565
Capital Outlay	-	81,669	-	81,669
Total Cash Disbursements	<u>72,556</u>	<u>537,020</u>	<u>-</u>	<u>609,576</u>
Excess of Receipts Over (Under) Disbursements	21,493	55,626	-	77,119
Other Financing Receipts (Disbursements)				
Debt Proceeds	-	36,394	-	36,394
Other Financing Sources	164	-	-	164
Total Other Financing Receipts (Disbursements)	<u>164</u>	<u>36,394</u>	<u>-</u>	<u>36,558</u>
Net Change in Fund Cash Balance	21,657	92,020	-	113,677
Fund Cash Balances, January 1,	<u>58,957</u>	<u>222,678</u>	<u>3,157</u>	<u>284,792</u>
Fund Cash Balances, December 31				
Restricted	-	105,419	3,157	108,576
Committed	-	206,032	-	206,032
Assigned	1,262	3,247	-	4,509
Unassigned (Deficit)	79,352	-	-	79,352
Fund Cash Balances, December 31	<u>\$ 80,614</u>	<u>\$ 314,698</u>	<u>\$ 3,157</u>	<u>\$ 398,469</u>

See notes to financial statements.

**GOSHEN TOWNSHIP
BELMONT COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

1. REPORTING ENTITY

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Goshen Township, Belmont County, (the Township) as a body corporate and politic. A publically-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, fire protection, and police protection services. The Township contracts with the Village of Bethesda and Village of Belmont to provide fire services and the Village of Bethesda to provide police protection services.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

B. Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Gasoline Tax Fund – This fund receives gasoline tax monies to pay for constructing, maintaining, and repairing Township roads.

Road and Bridge Fund – This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

Fire District Fund – This fund receives property tax money to provide fire protection to Township residents.

**GOSHEN TOWNSHIP
BELMONT COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Debt Service Fund

This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Fund:

General Bond (Note) Retirement Fund – This fund accounts for resources the Township accumulates to pay bond and note debt. The Township’s debt service fund had no activity during 2018.

C. Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D) permit.

D. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and object level of control and appropriations may not exceed estimated resources. The Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2018 appears in Note 3.

E. Deposits and Investments

The Township’s accounting basis includes investment as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

**GOSHEN TOWNSHIP
BELMONT COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Capital Assets

The Township records disbursements for acquisitions of property, plant and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

H. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

**GOSHEN TOWNSHIP
BELMONT COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced, first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2018 is as follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 63,161	\$ 94,213	\$ 31,052
Special Revenue	449,285	629,040	179,755
Total	\$ 512,446	\$ 723,253	\$ 210,807

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 121,325	\$ 73,818	\$ 47,507
Special Revenue	669,216	540,267	128,949
Total	\$ 790,541	\$ 614,085	\$ 176,456

4. EQUITY IN POOLED CASH

The Township maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	2018
Demand Deposits	\$ 398,469
Total Deposits	\$ 398,469

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**GOSHEN TOWNSHIP
BELMONT COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Township Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

6. RISK MANAGEMENT

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	2018
Cash and investments	<u>\$33,097,416</u>
Actuarial liabilities	7,874,610

7. DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

The Township's full-time employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes the plan benefits, which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2018, OPERS members contributed 10.0% of their gross wages and the Township contributed an amount equal to 14.0% of participant's gross salaries. The Township has paid all contributions required through December 31, 2018.

**GOSHEN TOWNSHIP
BELMONT COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

8. POSTEMPLOYMENT BENEFITS

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits.

9. PUBLIC ENTITY RISK POOL

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio local governments. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims exceeding the member's deductible.

10. DEBT

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest rate
OHIO Cat	\$ 36,394	3.89%
Total	\$ 36,394	

The Township entered into an agreement with OHIO Cat for a backhoe in March of 2018 to be used to repair and maintain township roads. The loan is collateralized by the backhoe.

Amortization of the above debt, including interest, is scheduled as follows:

Year Ended December 31	Promissory Note
2019	\$ 10,000
2020	10,000
2021	10,000
2022	10,000
Total	\$ 40,000

**GOSHEN TOWNSHIP
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property and Other Local Taxes	\$ 29,900	\$ 263,489	\$ -	\$ 293,389
Intergovernmental	47,381	133,489	-	180,870
Earnings on Investments	133	20	-	153
Miscellaneous	22	-	-	22
Total Cash Receipts	<u>77,436</u>	<u>396,998</u>	<u>-</u>	<u>474,434</u>
Cash Disbursements:				
Current:				
General Government	61,443	10,543	-	71,986
Public Safety	-	113,968	-	113,968
Public Works	-	179,820	-	179,820
Health	8,908	-	-	8,908
Total Cash Disbursements	<u>70,351</u>	<u>304,331</u>	<u>-</u>	<u>374,682</u>
Excess of Receipts Over (Under) Disbursements	7,085	92,667	-	99,752
Other Financing Receipts (Disbursements)				
Other Financing Sources	-	3,142	-	3,142
Total Other Financing Receipts (Disbursements)	<u>-</u>	<u>3,142</u>	<u>-</u>	<u>3,142</u>
Net Change in Fund Cash Balance	7,085	95,809	-	102,894
Fund Cash Balances, January 1, restated	<u>51,872</u>	<u>126,869</u>	<u>3,157</u>	<u>181,898</u>
Fund Cash Balances, December 31				
Restricted	-	78,604	3,157	81,761
Committed	-	141,108	-	141,108
Assigned	1,134	2,966	-	4,100
Unassigned (Deficit)	57,823	-	-	57,823
Fund Cash Balances, December 31	<u>\$ 58,957</u>	<u>\$ 222,678</u>	<u>\$ 3,157</u>	<u>\$ 284,792</u>

See notes to financial statements.

**GOSHEN TOWNSHIP
BELMONT COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

1. REPORTING ENTITY

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The Township's management believes these financial statements present all activities for which the Township is financially accountable.

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A. Basis of Presentation

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**GOSHEN TOWNSHIP
BELMONT COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Debt Service Fund

This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Fund:

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These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D) permit.

D. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and object level of control and appropriations may not exceed estimated resources. The Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances

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A summary of 2017 appears in Note 3.

E. Deposits and Investments

The Township's accounting basis includes investment as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

**GOSHEN TOWNSHIP
BELMONT COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Capital Assets

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G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

H. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

**GOSHEN TOWNSHIP
BELMONT COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced, first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2017 is as follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 60,901	\$ 77,436	\$ 16,535
Special Revenue	358,285	400,140	41,855
Total	\$ 419,186	\$ 477,576	\$ 58,390

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 107,922	\$ 71,485	\$ 36,437
Special Revenue	574,947	307,297	267,650
Total	\$ 682,869	\$ 378,782	\$ 304,087

4. EQUITY IN POOLED CASH

The Township maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	2017
Demand Deposits	\$ 284,792
Total Deposits	\$ 284,792

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**GOSHEN TOWNSHIP
BELMONT COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Township Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

6. RISK MANAGEMENT

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2017, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2017.

	<u>2017</u>
Assets	\$40,010,732
Liabilities	<u>(8,675,465)</u>
Retained Earnings	<u><u>\$31,335,267</u></u>

At December 31, 2017 the liabilities above include approximately \$8.0 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,016 member governments in the future, as of December 31, 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Township's share of these unpaid claims collectible in future years is approximately \$3,276.

**GOSHEN TOWNSHIP
BELMONT COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

6. RISK MANAGEMENT (Continued)

Based on discussion with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

Contributions to OTARMA

2017	\$7,278
2016	7,896
2015	7,910

After completing one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

7. DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

The Township's full-time employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes the plan benefits, which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2017, OPERS members contributed 10.0% of their gross wages and the Township contributed an amount equal to 14.0% of participant's gross salaries. The Township has paid all contributions required through December 31, 2017.

8. POSTEMPLOYMENT BENEFITS

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits.

9. PUBLIC ENTITY RISK POOL

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio local governments. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims exceeding the member's deductible.

**GOSHEN TOWNSHIP
BELMONT COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

10. RESTATEMENT OF FUND BALANCE

Fund balance in the Special Revenue Funds have been restated for the year beginning January 1, 2017 as voided checks were added back:

	Special Revenue
Fund Balance at December 31, 2016	\$ 124,988
Adjustments	1,881
Fund Balance at January 1, 2017	<u>\$ 126,869</u>

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS.**

Goshen Township
Belmont County
115 Liberty Lane
Bethesda, Ohio 43719

To the Township Trustees:

We have audited, in accordance with auditing standards general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Goshen Township, Belmont County as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated June 17, 2019, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered Goshen Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. We consider Findings 2018-001 and 2018-002 described in the accompanying schedule of findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider Finding 2018-003 described in the accompanying schedule of findings to be a significant deficiency.

Independent Auditors' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by Government Auditing Standards
Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Goshen Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wilson, Phillips & Agin, CPA's, Inc.

Zanesville, Ohio

June 17, 2019

**GOSHEN TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2018-001

Material Weakness

The Township should have internal controls in place to reasonable assure that budgetary accounts are integrated into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts

The Fiscal Officer did not properly post budgeted receipts, and any amendments made to them, to the accounting system. Variances existed between the certificate of estimated resources and the amounts posted to the accounting system throughout the year. The following tables detail these variances:

2017			
	Estimated Receipts per	Estimated Receipts per	
Fund	Budget Commission	UAN Revenue Status Report	Variance
General	\$ 60,901	\$ 56,901	\$ (4,000)
Fire District	106,000	70,000	(36,000)

2018			
	Estimated Receipts per	Estimated Receipts per	
Fund	Budget Commission	UAN Revenue Status Report	Variance
Fire District	182,000	83,000	(99,000)

The Fiscal Officer should record estimated receipts per the Official Certificate of Estimated Resources, as well as all amendments. The Fiscal Officer should periodically present budget versus actual results to the Board of Trustees. As part of their monitoring responsibilities, the Board of Trustees should review this information and should inquire to the Fiscal Officer if they note apparent errors in the budget or actual data and should inquire to the Fiscal Officer if they note apparent errors in the budget or actual data and should also use this information to determine if they should amend estimated revenues.

Client Response: We have not yet received a response from the client.

**GOSHEN TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2018-002

Material Weakness – Financial Reporting

All local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Ohio Township Handbook provides suggested fund balance classifications and clarifies the existing governmental fund type definitions. The fund balance classifications relate to constraints placed upon the use of resources reported in governmental funds. The five classifications are non-spendable, restricted, committed, assigned and unassigned.

The Township did not properly reflect its December 31, 2017 and 2018 cash balances in accordance with Governmental Accounting Standards Board (GASB) Statement Number 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*, effective for fiscal years beginning after June 15, 2010.

Financial statement errors identified for the year ended December 31, 2017 were as follows:

- Committed Fund Balance was overstated by \$58,956 and the Assigned Fund Balance and Unassigned Fund Balance understated by \$1,134 and \$57,823, respectively for the General Fund.
- Committed Fund Balance was overstated by \$55,009 and the Restricted Fund Balance understated by \$21,893, \$1,883, and \$31,233 for the Motor Vehicle License Tax, Fire District, and Permissive Motor Vehicle License Tax Funds', respectively.
- Restricted Fund Balance was overstated by \$2,966 and the Assigned Fund Balance understated by \$2,966 for the Gasoline Tax Fund.

Financial statement errors identified for the year ended December 31, 2018 were as follows:

- Committed Fund Balance was overstated by \$80,614 and the Assigned Fund Balance and Unassigned Fund Balance understated by \$1,262 and \$79,352, respectively for the General Fund.
- Committed Fund Balance was overstated by \$69,443 and the Restricted Fund Balance understated by \$16,524, \$9,885, and \$43,034 for the Motor Vehicle License Tax, Fire District, and Permissive Motor Vehicle License Tax Funds', respectively.
- Restricted Fund Balance was overstated by \$3,247 and the Assigned Fund Balance understated by \$3,247 for the Gasoline Tax Fund.

Material adjustments, with which the Township officials' agree, are reflected within the accompanying financial statements and accounting records.

The Township should develop internal control internal control procedures to ensure the financial statements of the Township accurately reflect the fund cash balance in accordance with GASB Statement No. 54 reporting requirements. The Township Fiscal Officer may refer to Auditor of State Bulletin 2011-004 for additional guidance.

Client Response: We have not yet received a response from the client.

**GOSHEN TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2018-003

Significant Deficiency – Financial Reporting

As a result of audit procedures, errors were noted that required reclassification and adjustment to the financial statements and accounting records as follows:

The following is related to 2018:

- Public Works Disbursement was reclassified to Capital Outlay in the amount of \$45,275 in the Road & Bridge Fund.
- An adjustment was made to record Capital Outlay and Debt Proceeds in the amount of \$36,394 in the Road & Bridge Fund for a backhoe.

Sound financial reporting is the responsibility of the Township and is essential to help ensure the information provided to the readers of financial statements is complete and accurate. To help ensure the Township's financial statements and notes to the financial statements are complete and accurate, the Township should adopt policies and procedures to identify and correct errors and omissions. In addition, the Township should review the financial statements and notes prior to submission for audit.

Client Response: We have not yet received a response from the client.

**GOSHEN TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2018 AND 2017**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2016-001	Noncompliance 5705.39 Total Appropriations Exceeds Estimated Resources	Yes	Finding No Longer Valid
2016-002	Material Weakness Budgeted Receipts Not Posted Accurately in Accounting System	No	Not corrected, reissued as Finding 2018-001.
2016-003	Material Weakness Fund Balance Errors	No	Not corrected, reissued as Finding 2018-002.
2016-004	Significant Deficiency Reclassifications and adjustments	No	Not corrected, reissued as Finding 2018-003.

OHIO AUDITOR OF STATE
KEITH FABER



GOSHEN TOWNSHIP

BELMONT COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 22, 2019**